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ABSTRACT

This curriculum guide was developed for a senior-level accounting course for students in high schools in Manitoba. The course is designed for students who plan to engage in an entry-level accounting position or self-employment after graduation and for students who plan postsecondary study in accounting and business. The course builds on and reinforces the concepts, skills, and understandings mastered in introductory accounting (Accounting Principles 30G). Generally Accepted Accounting Principles (GAAP) are discussed and analyzed as they are currently applied to small and larger businesses. The guide includes the following components: (1) an employability skills profile; (2) recommended program patterns for business education courses; (3) rationale for the program; (4) evaluation methods; (5) time allotments; (6) goals and objectives; and (7) six units of study. The units cover these topics: review of accounting principles, synoptic journal, adjustments and closing entries, inventory systems, application packages, and options. Units consist of a goal, objectives, and teaching methods keyed to the objectives. A bibliography listing 18 texts, 11 computer programs, and a source for materials completes the guide. (KC)

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Accounting Systems 40S

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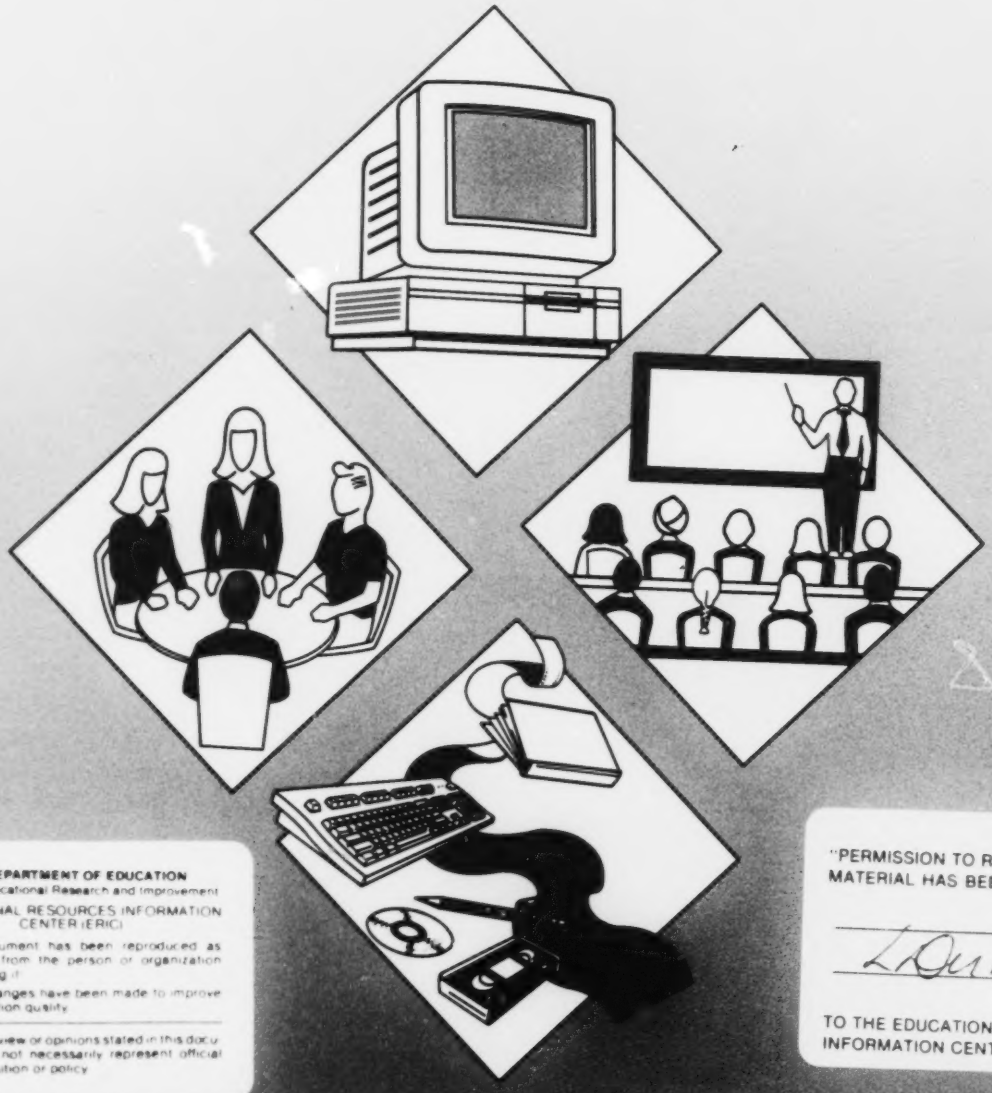

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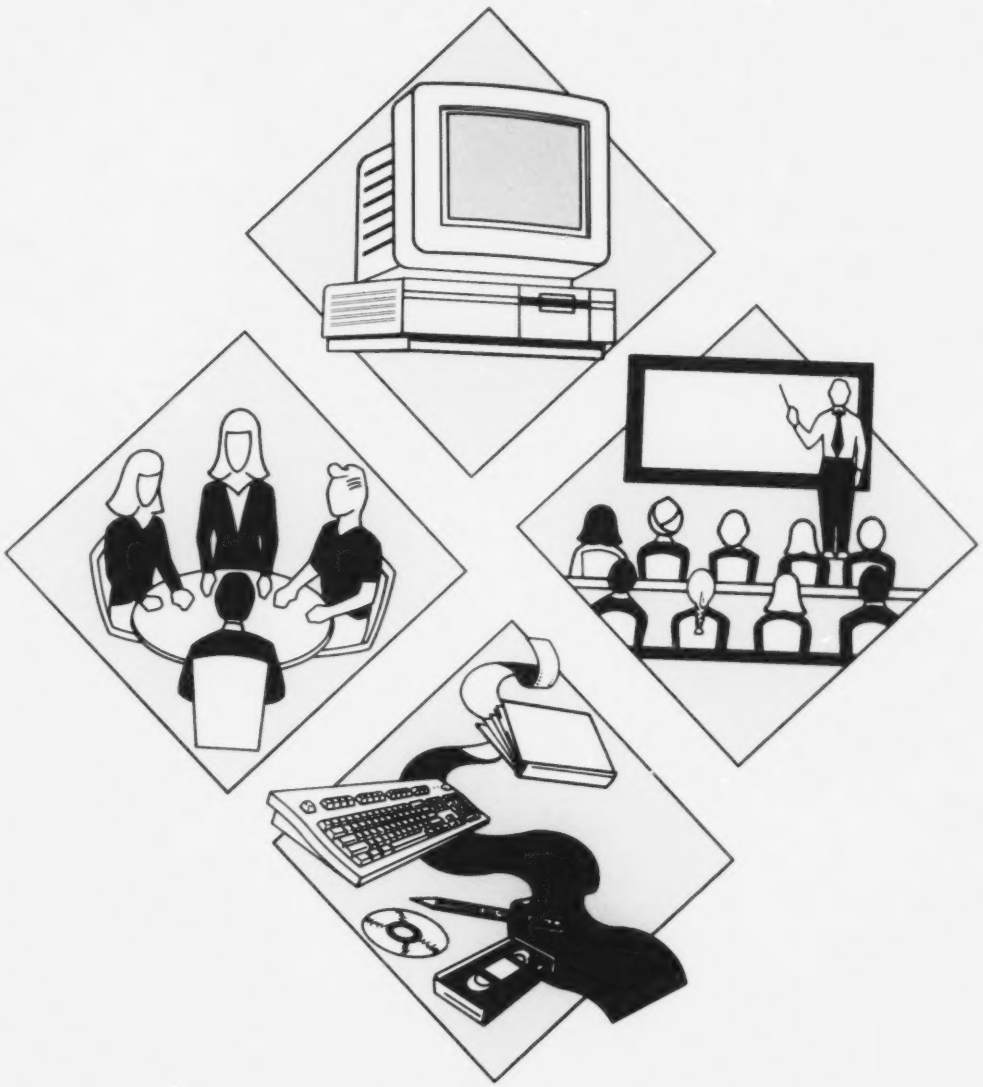

Interim Guide

Manitoba
Education
and Training

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ACCOUNTING SYSTEMS 40S

This guide replaces, in part, the Accounting 202, 302 and Data Processing 202, 302 guides of 1982, and becomes effective in September, 1993. The contents have been developed as part of the review of the Business Education cluster of courses which are affected by computer technology.

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EMPLOYABILITY SKILLS PROFILE: The Critical Skills Required of the Canadian Workforce

Academic Skills

Those skills which provide the basic foundation to get, to keep, and to progress on a job and to achieve the best results.

Canadian employers need people who are able to

Communicate

- Understand and speak the languages in which business is conducted
- Listen to understand and learn
- Read, comprehend, and use written materials, including graphs, charts, and displays
- Write effectively in the languages in which business is conducted

Think

- Think critically and act logically to evaluate situations, solve problems, and make decisions
- Understand and solve problems involving mathematics and use the results
- Use technology, instruments, tools and information systems effectively
- Access and apply specialized knowledge from various fields, e.g., skilled trades, technology, physical sciences, arts and social sciences

Learn

- Continue to learn for life

Personal Management Skills

The combination of skills, attitudes and behaviours required to get, to keep, and to progress on a job and to achieve the best results.

Canadian employers need people who demonstrate

Positive Attitudes and Behaviours

- Self-esteem and confidence
- Honesty, integrity, and personal ethics
- A positive attitude toward learning, growth, and personal health
- Initiative, energy, and persistence to get the job done

Responsibility

- Ability to set goals and priorities in work and personal life
- Ability to plan and manage time, money, and other resources to achieve goals
- Accountability for actions taken

Adaptability

- Positive attitudes toward change
- Recognition of and respect for people's diversity and individual differences
- The ability to identify and suggest new ideas to get the job done – creativity

Teamwork Skills

Those skills needed to work with others on a job and to achieve the best results.

Canadian employers need people who are able to

Work with Others

- Understand and contribute to the organization's goals
- Understand and work within the culture of the group
- Plan and make decisions with others and support the outcomes
- Respect the thoughts and opinions of others in the group
- Exercise "give and take" to achieve group results
- Seek a team approach as appropriate
- Lead when appropriate, mobilizing the group for high performance

There is a growing concern that many young people do not see the direct relevance of what they are learning in school to their needs in later life. The Conference Board of Canada has identified the critical skills, qualities, and abilities that students will require to make a successful transition from school to work. These skills are developed through a variety of life experiences provided by parents, integrated educational approaches in schools, post-secondary institutions, actions that support skill development on the job, and formal and informal opportunities for updating skills throughout life.

RECOMMENDED PROGRAM PATTERNS

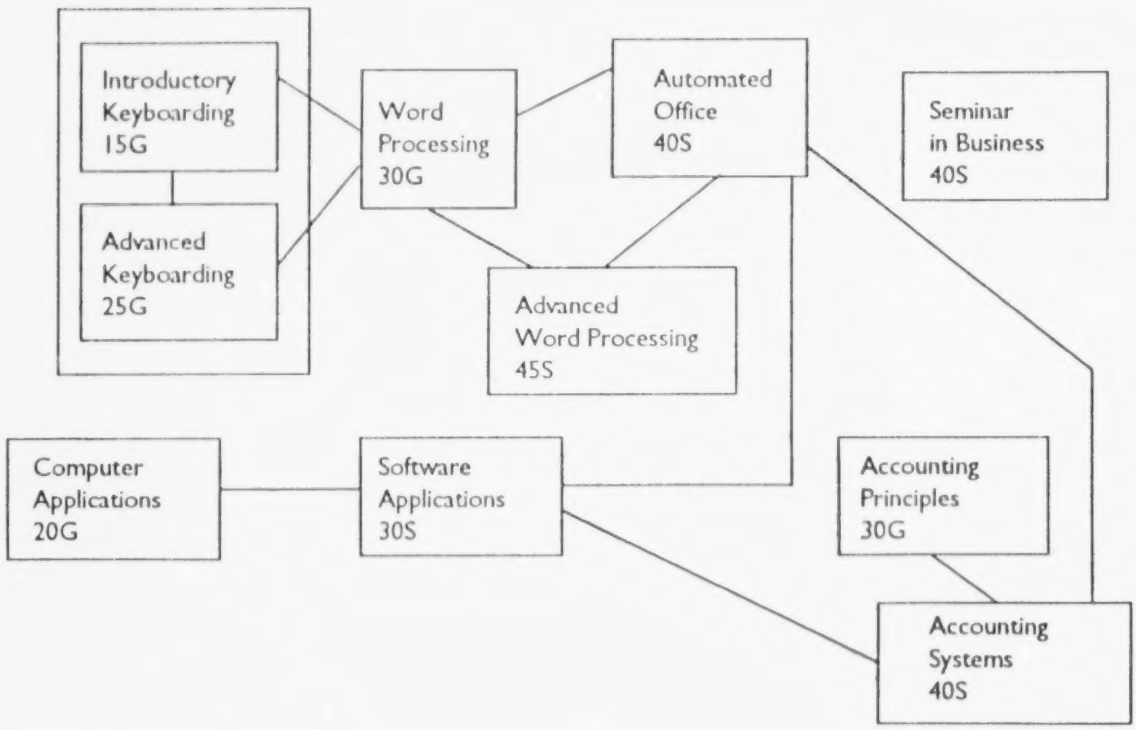
This flowchart is meant to provide schools with a recommended sequence of studies for the new Business Education courses. While the prerequisite to any course is at the discretion of the school, the skill development as shown in the flowchart is recommended. However, it is left to schools to schedule courses and to advise students based upon the educational readiness of individual students.

Exploration of Business 10G/15G*

General Business 20G/25G*
Retailing 20S

Business Principles 30G
Shorthand and Transcription 30S
Promotions 30S
Relations in Business 30S

Economics 40G
Law 40G
Shorthand and Transcription 40S
Management 40S
Marketing Practicum 40S



* Under development

RATIONALE

Accounting Systems 40S is designed for those who plan to engage in an entry-level accounting or business-related position of self-employment after Senior 4 graduation and for the student who plans post secondary study in accounting and/or business. Students proceeding with their search for career roles and aptitudes, will also find **Accounting Systems 40S** appropriate and useful.

It is recommended that students meet all levels of objectives of **Accounting Principles 30G** prior to enroling in **Accounting Systems 40S**. It is also assumed that students will have a basic knowledge of computer operations and software applications. Many will have completed the course, **Software Applications 30S**.

Accounting Systems 40S builds on and reinforces the concepts, skills, and understandings mastered in **Accounting Principles 30G**. The introductory principles and practices are reviewed, developed further, and applied. Generally Accepted Accounting Principles (GAAP) are discussed and analyzed as they are currently applied to small and larger businesses.

Initially, the synoptic or combination journal is the medium for recording transactions. The GAAP relating to adjusting and closing entries are practised and discussed for both service and merchandising businesses.

Important advanced accounting topics included are: systems of accounting for inventory cost-flows and evaluation, inventory systems, inventory control, and inventory management.

Several optional accounting units which teacher and students may wish to study are: budgeting, manufacturing accounting, personal income tax, partnership accounting, corporation accounting, and statement analysis. The choice will depend upon the needs and interests of the students enroled in the course. Electronic spreadsheets and other software are encouraged for use in these optional units, where possible.

Because of the continuing increase in the use of computers in accounting, computer accounting applications are important in **Accounting Systems 40S**. Students will use spreadsheets, general ledger accounting software, accounts receivable and accounts payable packages, a computerized inventory system, and record and maintain a computerized payroll system. The software may be a single, integrated package or a series of different software systems.

Students will benefit from both the extension of their skills and knowledge in accounting, and from their experience with the computer applications. The course is therefore practical for students looking toward immediate employment or post secondary studies.

EVALUATION

Accounting Systems 40S stresses the application and further development of many of the accounting principles and concepts learned in the introductory accounting course. Topics such as adjustments, accruals, and deferrals are developed further. Inventory accounting is introduced. The optional topics and the main unit, **application packages**, have not been addressed in previous courses. Consequently, a combination of various testing and evaluation devices are required for the different levels and types of learning.

Evaluation of higher level learning in accounting often requires unique approaches. It is recommended that evaluation is based on a combination of classroom tests, accounting projects and simulations, case studies, and home assignments designated as bases for summative evaluation.

Ability to analyze accounting transactions and apply accounting skills and knowledge in computer software packages may be judged by traditional testing methods, teacher observations of student performance, checklists, and student completion of assigned projects and problems.

Guidelines for Evaluation

Unit 1 Review of Accounting Principles	5%
Unit 2 Synoptic Journal	35%
Unit 3 Adjustments and Closing Entries	
Unit 4 Inventory Systems	55%
Unit 5 Application Packages	5%
Unit 6 Options	
	100%

TIME ALLOTMENTS

ACCOUNTING SYSTEMS 40S is a **full credit** course that has been developed and approved by Manitoba Education and Training, for vocational use. It represent 110-120 hours of instruction.

The following guidelines for time allotments are recommended:

UNITS	HOURS
1. Review of accounting principles	5
2. Synoptic journal 3. Adjustments and closing entries 4. Inventory systems	40 - 45
5. Application packages	60 - 65
6. Options	5
	110 - 120

GOALS AND OBJECTIVES

Goals

1. To have students review basic accounting principles.
2. To introduce students to the synoptic journal.
3. To teach students the procedure for adjustments and closing entries.
4. To teach students the principles of inventory systems.
5. To provide students with computer skills to complete the accounting cycle of a merchandising business.
6. To provide students with advanced skills in accounting.

Objectives

UNIT 1: REVIEW OF ACCOUNTING PRINCIPLES

Basic Concepts of the Accounting Cycle

Students should be able to

- demonstrate an understanding of the Accounting Principles objectives
- review or complete the objectives in Accounting Principles for **Payroll Accounting**

UNIT 2: SYNOPTIC JOURNAL

Combination Journal

Students should be able to

- identify the need for the combination journal
- record entries in a combination journal
- forward totals from one page to another
- total and rule the combination journal
- prove the combination journal
- post those columns that affect general ledger accounts
- utilize error location techniques to locate errors in the combination/synoptic journal
- evaluate the combination journal system in terms of advantages and disadvantages

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES

Adjusting Entries

Students should be able to

- explain the need for and the purpose of adjusting entries for accrued expense
- prepare adjustments
- calculate adjustments

Worksheet

Students should be able to

- explain the need for and the purpose of the 10 column worksheet/spreadsheets
- prepare a worksheet with adjustments

Financial Statements

Students should be able to

- prepare the financial statements
- record the adjusting and closing entries
- prepare the post closing trial balance

Reversing Entries

Students should be able to

- identify the need for reversing entries for accrued revenue and accrued expenses in the next accounting period
- record the reversing entries for accrued revenue and accrued expenses
- post the reversing entries for the accrued revenue and accrued expenses to the general ledger

UNIT 4: INVENTORY SYSTEMS

Inventory Control

Students should be able to

- identify the need for and the purpose of inventory control
- identify the two basic types of inventory systems
- describe the types of inventory systems
- analyze and record transactions for both inventory systems
- compare the advantages and disadvantages of the types of inventory systems

Inventory Valuation

Students should be able to

- identify the principles of inventory valuation
- identify the methods of inventory valuation
- calculate the value of inventory using the different methods of inventory valuation
- compare the different principles of inventory valuation
- identify how inventory costs are presented in financial statements

UNIT 5: APPLICATION PACKAGES

General Ledger

Students should be able to

- explain the need for and the advantages of a computerized general ledger system
- explain the components of the computerized general ledger system
- load the general ledger option in the integrated accounting package
- print a chart of accounts to be used in the general ledger option for the accounting period
- edit or make additions or subtractions to the chart of accounts and reprint

- record general ledger transactions on an input form if necessary
- enter the general ledger transactions into the computer
- edit and correct the general ledger transactions
- post the transactions
- print appropriate general ledger reports including general journal and general ledger reports
- print a trial balance
- prepare the adjusting entries that are appropriate and record them on the correct forms
- enter and post all adjusting entries to the appropriate general ledger accounts
- print appropriate financial statements
- enter the appropriate entries to perform the year-end closing
- print the final general ledger reports

Accounts Receivable

Students should be able to

- explain the need for and the advantages of using a computerized accounts receivable system
- explain the components of the accounts receivable system
- load the accounts receivable option in the integrated accounting package
- create a customer's file to be used as your accounts receivable subsidiary ledger for the accounting period
- list the new customer file to check for accuracy
- edit and add new customers to the file when necessary
- enter new sales invoices into the appropriate customer accounts using proper input forms
- enter customer payments into the appropriate customer accounts
- edit accounts receivable transactions entered erroneously
- post the transactions involving the accounts receivable option using the computer
- explain what accounts are automatically updated with each accounts receivable transaction
- explain the relationship between the accounts receivable subsidiary ledger and the general ledger
- print the accounts receivable reports involving customer accounts and accounts receivable summary

Accounts Payable

Students should be able to

- explain the need for and the advantage of a computerized accounts payable system
- explain the components of the computerized accounts payable system
- list the vendor file to check for accuracy
- edit and add new vendors to the vendor file as is necessary
- input transactions that involve the vendors in the vendor file during the accounting period
- edit purchase entries made during the accounting period
- record payments to vendors transacted during the accounting period
- explain what accounts are automatically updated with each of the transactions made
- use the accounts payable option to post the transactions
- explain the relationship that exists between the accounts payable Subsidiary Ledger and the general ledger
- print the reports that are required within the accounts payable option of the integrated package

Inventory

Students should be able to

- explain the need for and the advantages of a computerized inventory management system
- explain the components of the computerized inventory management system
- load the inventory management option in the integrated accounting package
- create an inventory file with items related to the specific business that will be used in the accounting period
- record inventory transactions on any input forms used in the integrated accounting package
- enter the inventory transactions including additions and subtractions to the inventory items into the computer
- edit any inventory transactions entered in error
- post the transactions using the inventory management option
- explain the relationship between Inventory and accounts receivable and accounts payable
- print the various inventory reports available within the inventory management option

Payroll

Students should be able to

- explain the need for and the advantages of a computerized payroll system
- explain the components of the computerized payroll system
- load the Payroll option in the integrated accounting package
- create a payroll employee file
- edit, add and delete employees in the employee file
- print a list of the employees
- record payroll transactions on input forms if used with the integrated package
- enter the payroll transactions into the computer
- edit any payroll transactions that may have been entered in error
- post the payroll transactions
- print the reports that may be available with the integrated package including a payroll register, cheques, monthly report and annual T-4 statements
- explain what principles are involved in the payroll function

UNIT 6: OPTIONS

Budgeting — Spreadsheets

Students should be able to

- explain the purpose of and the need for budgets
- identify types of budgets
- identify and discuss the sources of information in preparing budgets
- prepare budgets
- compare budget figures to actual operating figures
- analyze results of financial operations
- explain the advantages of having a computerized spreadsheet for budgeting purposes
- demonstrate the use of a specific software package:
  - load up and exit the computerized spreadsheet software
  - use the basic editing operations to set up labels and numeric data, edit, and erase cells
  - insert and delete columns and rows
  - change column widths
  - develop formulas to perform the basic calculation operations
  - change the formats of numeric cells and the justification of labels
  - move and copy single cells to a range of cells
  - set up the print range and print spreadsheet cells and the cell formulas
  - use the file command to save, list and retrieve spreadsheets
  - move and copy blocks of cells

- create a budget using specific information
- analyze the budget comparing the figures to actual
- alter the data given specific "what if" scenarios
- calculate variances from actual, using the spreadsheet
- calculate percentages for the variances
- analyze the effectiveness of having a computerized budget versus the manual budgets prepared earlier

Manufacturing Accounting

Students should be able to

- identify the elements of manufacturing costs
- describe the elements of manufacturing costs
- illustrate and describe the flow of elements through the manufacturing cycle
- identify and explain the two systems of costing
- identify the need for and the purpose of cost accounting
- apply costs to work flow
- identify and explain the methods of applying overhead costs
- apply overhead costs to work flow
- prepare, post and explain the journal entries to match flow with work flow
- prepare trial balances and financial statements for manufacturing business

Personal Income Tax

Students should be able to

- explain the need for and the purpose of preparing a personal income tax return
- identify and define the components of a personal income tax return
- prepare personal income tax returns from given information
- explain the need for and the importance of preparing income tax returns for the owners of unincorporated businesses
- identify and define the components of income tax returns for the owners of unincorporated businesses
- prepare income tax returns from given information for the owners of unincorporated businesses
- explain the need for and the purpose of preparing corporate income tax returns

Partnership Accounting

Students should be able to

- define partnership
- identify the need for and the purpose of a partnership agreement

- prepare journal entries for the formation of a partnership
- identify the methods of distributing profits and losses
- prepare journal entries for the distribution of profits and losses
- prepare working papers and financial statements for partnerships

Corporation Accounting

Students should be able to

- define corporation
- identify the need for and the purpose of a corporation as a legal entity
- identify the methods of financing a corporation
- define and classify share
- prepare and post journal entries for equity financing of a corporation
- explain the procedure for allocating corporate earnings
- prepare journal entries for corporate income taxes
- prepare journal entries for retained earnings
- prepare journal entries for the distribution of dividends and reserves
- prepare corporate financial statements
- explain the need for and the purpose of long-term borrowing
- identify the methods of long-term borrowing
- define and classify bonds
- prepare journal entries for bond issues
- prepare journal entries for interest expense
- prepare journal entries for bond sinking funds
- prepare journal entries for the redemption or retirement of bond issues
- prepare the corporate financial statements

Analyzing Financial Statements

Students should be able to

- explain the need for and the purpose of the analysis of corporate financial reports
- prepare a general analysis from given comparative income statements and comparative balance sheets
- explain the need for and the purpose of creditor analysis of financial reports
- identify and define the components of creditor analysis for corporate financial reports
- prepare a creditor analysis
- explain the need for and the purpose of investor analysis of corporate financial reports
- identify and define the components of investor analysis for corporate financial reports
- prepare an investor analysis

ACCOUNTING SYSTEMS 40S

UNIT 1: REVIEW OF ACCOUNTING PRINCIPLES

GOAL: To have students review basic accounting principles.

OBJECTIVES	METHODS
1.0 **Basic Concepts of the Accounting Cycle** Students should be able to	
1.1 demonstrate an understanding of the Accounting Principles objectives	Evaluate and review as necessary so that students can meet the objectives of Accounting Principles for Basic Concepts, The Cycle, Controlling Cash, Merchandise Accounting, Payroll.
1.2 review or complete the objectives in Accounting Principles for Payroll Accounting	

UNIT 2: SYNOPTIC JOURNAL

GOAL: To introduce students to the synoptic journal.

OBJECTIVES	METHODS
1.0 **Combination Journal** Students should be able to	
1.1 identify the need for the combination journal	Explain that since all the separate journals may be included on a single record sheet, the combination journal may be known by another name: synoptic journal. The teacher should prepare a bulletin board or have students prepare a combination journal to show that this is not a new concept.
1.2 record entries in a combination journal	Analyze each transaction from a series of transactions and discuss how it would be recorded in a special journal before illustrating the entry in the combination journal. Have students record the same entries in the combination journal.
1.3 forward totals from one page to another	Emphasize that prior to forwarding totals from one page to another page of the combination journal the journal page should be balanced. Debits should equal credits on every page of the combination journal. Demonstrate the footing of columns, balancing and forwarding of totals in a combination journal. Have students foot the columns, balance and forward the totals.

UNIT 2: SYNOPTIC JOURNALS (CONT.)	
OBJECTIVES	METHODS
1.4 total and rule the combination journal	Demonstrate the totalling and ruling of the combination journal and have students total and rule examples of a combination journal.
1.5 prove the combination journal	Discuss and demonstrate the steps in the proving of the combination journal.
1.6 post those columns that affect general ledger accounts	Discuss and explain the steps in posting from the combination journal to the ledgers • Post daily the amounts in the accounts receivable and accounts payable columns individually to the customer and the creditor accounts in the subsidiary ledgers • Post the amounts in the general column individually to the general ledger at the end of the month • Post all column totals, except the general column, at the end of the month to the general ledger
1.7 use error location techniques to locate errors in the combination/synoptic journal	Review the techniques introduced in Accounting Principles to aid in the location of errors in the combination journal.
1.8 evaluate the combination journal system in terms of advantages and disadvantages	Discuss the advantages and disadvantages of the combination journal.

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES

GOAL: To teach students the procedure for adjustments and closing entries.

OBJECTIVES	METHODS
1.0 **Adjusting Entries** Students should be able to	
1.1 explain the need for and the purpose of adjusting entries for accrued expense	Emphasize that adjustments are necessary if financial statements are to be correct. Explain that one of the main purposes of accounting is to provide information for decision-making and that the financial statements (balance sheet, income statement) contain this information. Therefore, if the basis for decision-making is the data in the financial statements, it is essential that the statements be as accurate as possible. The purpose of adjusting the book is to ensure that all the accounts and the financial statements are accurate. At this time the teacher should stress the Matching Principle of the GAAPS (see Appendix I).
1.2 prepare adjustments	Identify the accounts which may require adjusting to bring them up to date • Revenues and Expenses (rent, insurance, supplies) • Depreciation • Bad Debts (doubtful accounts) • Inventory (may have been included as a closing entry)

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	METHODS
1.3 calculate adjustments	Demonstrate and have students practice calculating appropriate adjustments.
2.0 **Worksheet** Students should be able to 2.1 explain the need for and the purpose of the ten-column worksheet/ spreadsheet	The primary purposes of the worksheet with adjustments are to • compute adjustments to the trial balance accounts before the preparation of the financial statements • sort accounts into the principle account for the financial statements Other functions of the worksheet are to • bring all the end-of-period calculations together on one sheet of paper for the convenience of the accountant • provide a basis for the adjusting entries which are entered to the journal • provide a basis for making closing entries • calculate and prove the profit/net income. The teacher should explain that the income statement columns of the worksheet are used as a guide for closing entries.

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	METHODS
2.2 prepare a worksheet with adjustments	Place a ten-column worksheet on the chalkboard or on an overhead transparency and discuss the five main sections • Trial Balance • Adjustments • Adjusting Trial Balance • Income Statement • Balance Sheet Explain that the worksheet is not a statement. Indicate that it is an accountant's working paper. Emphasize that the worksheet covers a specific accounting period because it is used to compute net income or net loss for the period. Demonstrate the completion of the different sections of the worksheet in order of sections • Trial Balance • Adjustments • Adjusted Trial Balance • Income Statement and Balance Sheet Review the classification of accounts, pointing out that all accounts on the worksheet may be classified as either permanent accounts or temporary owner's equity accounts.

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	METHODS
	Use the following as some general suggestions for introducing the ten-column worksheet • Have students complete the worksheet at their desks at the time it is being completed on the chalkboard or overhead transparency • Duplicate and distribute to the students worksheet forms with the trial balance filled in to save class time (use the same trial balance as shown on the chalkboard or overhead transparency) • Use whole numbers in the trial balance to eliminate arithmetic problems and to permit full concentration on the procedure • Open new accounts at the bottom of the worksheet when adjustments necessitate
3.0 **Financial Statements** Students should be able to 3.1 prepare the financial statements	Review the preparation of the financial statements. Refer to the income statement and balance sheet sections of the worksheet for information required to complete each of these statements. Demonstrate the preparation of the income statement and balance sheet using a step-by-step approach.

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	METHODS
	Have students complete the statements at their desks at the time they are being completed on the chalkboard or on an overhead transparency.
3.2 record the adjusting and closing entries	Refer to the adjustments columns of the worksheet for information required to prepare the adjusting entries. Journalize and post these entries to the ledger. Refer to the income statement columns of the worksheet for information required to prepare the closing entries. Journalize and post these entries to the ledger. Emphasize the four step method to closing the ledger • Close the credit amounts in the income statement to Revenue and Expense Summary • Close the debit amounts in the income statement to the Revenue and Expense Summary • Close Revenue and Expense Summary to Capital • Close Drawing to Capital Demonstrate the preparation of the post-closing trial balance from the general ledger accounts.
3.3 prepare the post-closing trial balance	Have students prepare the same post-closing trial balance at their desks.

UNIT 3: ADJUSTMENTS AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	METHODS
	Discuss the three checks which may be used to prove the accuracy of the post-closing trial balance • The totals of the post-closing trial balance must agree • The accounts listed in the post-closing trial balance must be permanent (real) accounts only • The balance of the capital account must be the same as the final owner's equity in the balance sheet
4.0 **Reversing Entries** Students should be able to 4.1 identify the need for reversing entries for accrued revenue and accrued expenses in the next accounting period	Emphasize the following points during the discussion of reversing entries • Reversing entries are convenience entries • Reversing entries eliminate the need for remembering to debit liability account when accrued expenses are paid • Reversing entries eliminate the need for remembering to credit an asset account when accrued income is received **Definition of Reversing Entry** A journal entry made at the beginning of a new fiscal period to readjust an adjusting entry made in the preceding fiscal period.

UNIT 3: ADJUSTING AND CLOSING ENTRIES (CONT.)	
OBJECTIVES	**METHODS**
4.2 record the reversing entries for accrued revenue and accrued expenses	Explain which adjusting entries are to be reversed. **Rule:** Reverse all adjusting entries that open new balance sheet accounts. Discuss and explain when reversing entries should be made. Explain that reversing entries are made on the first day of the new accounting period so that the new asset and liability accounts opened by the adjusting entries can be closed and normal entries entered during the new fiscal period. Demonstrate the recording of the reversing entries and have students record the same entries. Explain and demonstrate the posting of the reversing entries.
4.3 post the reversing entries for the accrued revenue and accrued expenses to the general ledger	Have students post the same entries.

UNIT 4: INVENTORY SYSTEMS

GOAL: To teach students the principles of inventory systems.

OBJECTIVES	METHODS
1.0 **Inventory Control** Students should be able to	
1.1 identify the need for and the purpose of inventory control	Discuss the need to control inventory of merchandise to prevent shrinkage, shortages and to account for overages. Emphasize the relationship of inventory control to the following • Calculation of cost of goods sold • Preparation of accurate financial statements Discuss the use of a computer-assisted system in inventory control. Determine if some of the students have helped take a periodic inventory in store or any business where they may have been employed. Have students present brief reports on their experiences.
1.2 identify the two basic types of inventory systems	Acquaint the students with the names of the two basic types of inventory systems • Periodic inventory • Perpetual inventory Explain and define the two types of inventory.

UNIT 4: INVENTORY SYSTEMS (CONT.)	
OBJECTIVES	METHODS
1.3 describe the types of inventory systems	**Periodic Inventory** • A merchandise inventory that is determined by counting, weighting or measuring the items of merchandise on hand. **Perpetual Inventory** • A merchandise inventory that is determined by keeping a continuous record of the increase, the decrease and the balance on hand.
1.4 analyze and record transactions for both inventory systems	Use examples of business forms to illustrate the two types. Use journal entries and T-accounts to analyze the special entries required for the Periodic and Perpetual inventory records. Compare the accounts of the two types of systems. Transparency Masters 19 and 20 on Periodic Inventory and income statement could be used at this time. Transparency Masters 21 and 22 on perpetual inventory and income statement could be used at this time.

UNIT 4: INVENTORY SYSTEMS (CONT.)	
OBJECTIVES	METHODS
1.5 compare the advantages and disadvantages of the types of inventory systems	List and explain the advantages and disadvantages of the periodic system. Use practical examples to illustrate the advantages and disadvantages. **Advantages** • Inexpensive and easy to operate • Useful for small businesses (grocery stores, hardware stores) who find it impractical to have each sale and purchase recorded on an inventory card for low-priced items. **Disadvantages** • Does not provide an easy way of knowing the exact cost of goods sold • Does not provide continuous and up-to-date information about problems except on periodic basis • Does not provide management with quantity control over stock for reordering purposes List and explain the advantages and disadvantages of the perpetual inventory system. Illustrate the explanation with practical examples of the advantages and disadvantages.

UNIT 4: INVENTORY SYSTEMS (CONT.)	
OBJECTIVES	METHODS
	Advantages • Accounting records and procedures assist with determining losses quickly • Perpetual recording is practical for large items with a high value and businesses having homogeneous product • Current information about inventory levels assists with deciding when to change marketing procedures for slow-moving stock • Records may be easily computerized through cash register applications **Disadvantages** • More records are required to operate the system • Increased costs for personnel and equipment required to operate the system • Keeping records up to date requires more monitoring and review • Shrinkage is not evident until a physical inventory taking is conducted Point out that many firms use computer systems to keep inventory records current. Have students become familiar with the procedures commonly used in large department stores where computer assisted cash registers are used.

UNIT 4: INVENTORY SYSTEMS (CONT.)	
OBJECTIVES	METHODS
2.0 **Inventory Valuation** Students should be able to	
2.1 identify the principles of inventory valuation	Define and discuss, with illustrations, the principles of inventory valuation • Inventory-at-cost principle (merchandise is valued at the time of acquisition at the total laid down cost — cost landed cost) • Realization Principle (no increase in the value of merchandise in stock shall be recognized until an actual sale is transacted) • Pricing for loss or decrease in value (inventory priced at cost value or market value, whichever is lower)
2.2 identify the methods of inventory valuation	Discuss and illustrate valuation methods used by the accounting profession • Average Cost • First-In, First-Out Basis (FIFO) • Last-In, First-out Basis (LIFO) • Specific Identification

UNIT 4: INVENTORY SYSTEMS (CONT.)	
OBJECTIVES	METHODS
2.3 calculate the value of inventory using the different methods of inventory valuation	Demonstrate the calculation of the value of inventory using the different methods. Have students calculate and compare the methods of valuation. Point out that the method of valuation chosen by a business will depend upon the following • Products in which it deals • Price fluctuations of the products • The valuation method used by similar businesses • The rules or customs expected by governments Discuss the impact of the different inventory valuation methods.
2.4 compare the different principles of inventory valuation	Identify and explain the principles followed when reporting inventories on financial statements
2.5 identify how inventory costs are presented in financial statements.	• The inventory valuation method selected should be followed from year to year and should be disclosed on the financial statements • Any change in the inventory valuation method should be disclosed and its effect on income reported in financial statements

UNIT 5: APPLICATION PACKAGES

GOAL: To provide the student with computer skills to complete the accounting cycle of a merchandising business.

OBJECTIVES	METHODS
1.0 **General Ledger** Students should be able to 1.1 explain the need for and the advantages of a computerized general ledger system 1.2 explain the components of the computerized general ledger system 1.3 load the general ledger option in the integrated accounting package 1.4 print a chart of accounts to be used in the general ledger option for the accounting period 1.5 edit or make additions or subtractions to the chart of accounts and reprint 1.6 record general ledger transactions on an input form if necessary 1.7 enter the general ledger transactions into the computer	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
1.8 edit and correct the general ledger transactions	
1.9 post the transactions	
1.10 print appropriate general ledger reports including general journal and general ledger reports	
1.11 print a trial balance	
1.12 prepare the adjusting entries that are appropriate and record them on the correct forms	
1.13 enter and post all adjusting entries to the appropriate general ledger accounts	
1.14 print appropriate financial statements	
1.15 enter the appropriate entries to perform the year-end closing	
1.16 print the final general ledger reports	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
2.0 **Accounts Receivable** Students should be able to 2.1 explain the need for and the advantages of using a computerized accounts receivable system 2.2 explain the components of the accounts receivable system 2.3 load the accounts receivable option in the integrated accounting package 2.4 create a customer's file to be used as your accounts receivable subsidiary ledger for the accounting period 2.5 list the new customer file to check for accuracy 2.6 edit and add new customers to the file when necessary 2.7 enter new sales invoices into the appropriate customer accounts using proper input forms	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
2.8 enter customer payments into the appropriate customer accounts 2.9 edit accounts receivable transactions entered erroneously 2.10 post the transactions involving the accounts receivable option using the computer 2.11 explain what accounts are automatically updated with each accounts receivable transaction 2.12 explain the relationship between the accounts receivable subsidiary ledger and the general ledger 2.13 print the accounts receivable reports involving customer accounts and accounts receivable summary	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
3.0 **Accounts Payable** Students should be able to 3.1 explain the need for and the advantage of a computerized accounts payable systems 3.2 explain the components of the computerized accounts payable system 3.3 list the vendor file to check for accuracy 3.4 edit and add new vendors to the vendor file as is necessary 3.5 input transactions that involve the vendors in the vendor file during the accounting period 3.6 edit purchase entries made during the accounting period 3.7 record payments to vendors transacted during the accounting period	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
3.8 explain what accounts are automatically updated with each of the transactions made 3.9 use the accounts payable option to post the transactions 3.10 explain the relationship that exists between the accounts payable subsidiary ledger and the general ledger 3.11 print the reports that are required within the accounts payable option of the integrated package	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
4.0 **Inventory** Students should be able to 4.1 explain the need for and the advantages of a computerized inventory management system 4.2 explain the components of the computerized inventory management system 4.3 load the inventory management option in the integrated accounting package 4.4 create an inventory file with items related to the specific business that will be used in the accounting period 4.5 record inventory transactions on any input forms used in the integrated accounting package 4.6 enter the inventory transactions including additions and subtractions to the inventory items into the computer 4.7 edit any inventory transactions entered in error	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
4.8 post the transactions using the inventory management option	
4.9 explain the relationship between Inventory and accounts receivable and accounts payable	
4.10 print the various inventory reports available within the inventory management option	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
5.0 **Payroll** Students should be able to 5.1 explain the need for and the advantages of a computerized payroll system 5.2 explain the components of the computerized payroll system 5.3 load the Payroll option in the integrated accounting package 5.4 create a payroll employee file 5.5 edit, add, and delete employees in the employee file 5.6 print a list of the employees 5.7 record payroll transactions on input forms if used with the integrated package 5.8 enter the payroll transactions into the computer 5.9 edit any payroll transactions that may have been entered in error	

UNIT 5: APPLICATION PACKAGES (CONT.)	
OBJECTIVES	METHODS
5.10 post the payroll transactions 5.11 print the reports that may be available with the integrated package including a payroll register, cheques, monthly report and annual T-4 statements 5.12 explain what principles are involved in the payroll function	

UNIT 6: OPTIONS

GOAL: To provide students with advanced skills in accounting.

OBJECTIVES	METHODS
1.0 **Budgeting — Spreadsheets** Students should be able to	
1.1 explain the purpose of and the need for budgets	Explain the role of budgeting in accounting records. Refer to familiar instances of budget use • Student organizations (council) • School system • Family • local government Emphasize the importance that each of these groups knows how much revenue to anticipate and what expenditures can be made from the anticipated revenue. **Budget Accounting** • A phase of accounting dealing with the planning and the controlling of future business operations. **Budgeting** • Planning and controlling financial operations of a business. **Budget** • A written financial plan of a business for a specified time expressed in dollars.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Indicate that a change in one item in the budget will affect another item in the budget. Explain that the role of the budget is • A planning guide • An operational control guide • A departmental coordination guide Identify and discuss two broad categories of budgets
1.2 identify types of budgets	• Long-range budgets (capital budgets — long-range plans for financing specific projects) • Short-range budgets (master budget — annual revenue, costs and profit plans for a business). Identify and discuss two types of annual budgets • Budgeted income statement — an estimate of expected revenue, expenses and net income for a fiscal period of a business • Cash budget (cash flow statement — an estimate of the expected cash receipts and cash payment for fiscal period(s) of a business

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
1.3 identify and discuss the sources of information in preparing budgets	List and discuss the following steps for preparing budgets • Selecting a time period • Determining type(s) of budget(s) to prepare • Identifying the sources of data for preparing budgets • Using past records in obtaining data for budgets Discuss sources of information for budget preparation • Company records • General economic information • Consultation with managers and staff • Good judgement • Competition • Business cycles • Law and customs • Others
1.4 prepare budgets	Discuss the formats used for developing and preparing budgets. Emphasize a simplified approach for budget preparation. Demonstrate the preparation of budgets by using a simple example: budget for a school basketball team. Have students prepare similar budgets, personal budgets or budgets from case studies. Proceed to the preparation of simple business budgets.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
1.5 compare budget figures to actual operating figures	Have students study budgets and compare the budgeted amounts with actual operating amounts.
1.6 analyze results of financial operations	Study comparative budgets to analyze results of financial operations and to recommend changes in planning future budgets.
1.7 explain the advantages of having a computerized spreadsheet for budgeting purposes	
1.8 demonstrate the use of a specific software package • load up and exit the computerized spreadsheet software • use the basic editing operations to set up labels and numeric data, edit and erase cells • insert and delete columns and rows • change column widths • develop formulas to perform the basic calculation operations • change the formats of numeric cells and the justification of labels • move and copy single cells to a range of cells	The specific commands, terminology and options available in each package will dictate how much of each section can be done. The teacher's competency and interest in these areas will determine the extent to which each topic is examined.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
• set up the print range and print spreadsheet cells and the cell formulas • use the file command to save, list and retrieve spreadsheets • move and copy blocks of cells	
1.9 create a budget using specific information	
1.10 analyze the budget comparing the figures to actual	
1.11 alter the data given specific "what if" scenarios	
1.12 calculate variances from actual, using the spreadsheet	
1.13 calculate percentages for the variances	
1.14 analyze the effectiveness of having a computerized budget versus the manual budgets prepared earlier	

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
2.0 **Manufacturing Accounting** Students should be able to	
2.1 identify the elements of manufacturing costs	Discuss the need for measuring the cost of producing (manufacturing) goods. Emphasize the importance of identifying and measuring the costs of producing goods through a system of cost accounting. Identify the following components of manufacturing cost • Direct materials • Direct labour • Factory overhead
2.2 describe the elements of manufacturing costs	Discuss and describe the elements of manufacturing costs. Use practical examples from different types of manufacturing businesses • Flour manufacturer • Mining • Fish processing • Meat processing • Bakeries • Lumber processing Identify and discuss the following three categories of factory overhead • Indirect materials • Indirect labour • Other factory overhead Use practical examples during the discussion of the three categories of factory overhead.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
2.3 illustrate and describe the flow of elements through the manufacturing cycle	Explain how the elements of cost (labour, materials, overhead) flow through the manufacturing cycle from raw (direct) materials, to goods in process and to finished goods.
2.4 identify and explain the two systems of costing	Explain and discuss the two accounting systems used in recording for cost accounting. Use practical examples and accounting forms from different types of manufacturing businesses. **Job costing** • An accumulation of costs for each job or group of jobs produced **Process costing** • An accumulation of costs related to each department or phase or phase of production. Discuss the purpose of accounting records recording, transferring and summarizing for the manufacturing costs.
2.5 identify the need for and the purpose of cost accounting	Identify and discuss the following purposes of cost accounting • Cost finding • Cost control Explain the relationship of a costing accounting system of a manufacturing business to the flow of operations with the business.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Point out that overhead costs are based on a percent rate on direct labour cost in the department(s) involved in the manufacturing process. Indicate that it is necessary to estimate the overhead to estimate the overhead costs because the actual costs cannot be calculated until the completion of the manufacturing process.
2.7 identify and explain the methods of applying overhead costs	Discuss the application of overhead costs to the work flow of the manufacturing process.
2.8 apply overhead costs to work flow	Use T-accounts to explain the journal entries required to match the cost flow with the work flow.
2.9 prepare, post and explain the journal entries to match flow with work flow	Demonstrate the preparation and the posting of journal entries. Have students prepare and post journal entries.
2.10 prepare trial balances and financial statements for manufacturing business	Explain that a manufacturing business has three inventories to account for in preparing financial reports • Raw materials • Work in process • Finished goods

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Demonstrate the preparation of trial balances, statements of costs of goods manufactured, income statements and balance sheets. Have students prepare the same statements following a step-by-step approach.
3.0 **Personal Income Tax** Students should be able to 3.1 explain the need for and the purpose of preparing a personal income tax return	Explain that Revenue Canada, Taxation, administers the Income Tax Act. Discuss the relationship of income taxes to the cost of government services (funds required to run the country).
3.2 identify and define the components of a personal income tax return	Discuss these components of a personal income tax return • Sources and amount of income • Deductions • Taxable income tax Study the forms related to income tax.
3.3 prepare personal income tax returns from given information	List and discuss the basic steps for filing an income tax return. Demonstrate the preparation of a personal income tax return. Have students prepare personal income tax returns.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
3.4 explain the need for and the importance of preparing income tax returns for the owners of unincorporated businesses	Explain that owners of unincorporated businesses file income tax returns to provide funds to run the country as do individual wage earners.
3.5 identify and define the components of income tax returns for the owners of unincorporated businesses	Emphasize that the income tax laws require each individual who owns a business to report the details of the business operations as part of the owner's personal income tax return. Each owner of an unincorporated business must submit the following with a personal income tax return • Statement of income and expenses • Supporting documents — income statement — balance sheet
3.6 prepare income tax returns, from given information, for the owners of unincorporated businesses	Demonstrate the preparation of an income tax return for an owner of an unincorporated business. Have students prepare the same income tax return. Discuss the principle of quarterly installments to pay income taxes for owners of unincorporated businesses.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
3.7 explain the need for and the purpose of preparing corporate income tax returns	Explain that corporations file income tax returns and pay income tax to provide funds to pay for government services and for the expenses of running the country. Emphasize that the income tax laws require that each business operating as a corporation must file a Corporation Income Tax Return and pay income taxes.
4.0 **Partnership Accounting** Students should be able to	
4.1 define partnership	Encourage the students to develop a definition of the term partnership. **Partnership** • A form of business organization in which two or more persons operate as co-owners of a business, sharing costs, profits and liabilities by agreements.
4.2 identify the need for and the purpose of a partnership agreement	Discuss the need for and the purpose of a partnership agreement. Identify the statutes regulating partnerships. Explain the relationship between legal and financial aspects of the partnership.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Partnership agreement • a written agreement that sets forth the various conditions under which a partnership is to operate. **Statutes affecting partnerships** • Partnership Act • Limited Partnership Act • Partnership Registration Act Explain the advantages and disadvantages of partnerships **Advantages** • More capital • Better credit standing • More owner talent • Keeping valuable employees • Personal incentive • Few legal restrictions **Disadvantages** • Unlimited personal liability • Possible management disagreement • Capital limited to partner resources • Limited life of the business • Sharing of net income

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
4.3 prepare journal entries for the formation of a partnership	Discuss the relationship of the partnership agreement to the opening journal entry for the formation of a partnership. Demonstrate, using various examples, the preparation of the opening entry and have students prepare the same entries.
4.4 identify the methods of distributing profits and losses	Point out that a partnership agreement should include a section about the distribution of profits and losses. In the absence of such a section, the profits and losses would be divided equally according to law. Methods of calculating each partner's share of net income/loss • Give an equal amount to each partner • Use an agreed-upon ratio such as 35% to one partner and 65% to the other partner • Use the ratio of each partner's capital investment to the total capital • Allow interest on each partner's capital investments • Allow salaries to one or more of the partners • Use a combination of two or more of the above methods

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
4.5 prepare journal entries for the distribution of profits and losses	Use examples from the textbook to demonstrate the preparation of journal entries and have students prepare the same entries.
4.6 prepare working papers and financial statements for partnerships	Demonstrate the preparation of and have students prepare worksheets, schedules of partners' equity, income statement and balance sheets. When comparing the charts of accounts for partnerships, point out that the only different between the charts for partnerships and sole proprietorship is the capital section.
5.0 **Corporation Accounting** Students should be able to	
5.1 define corporation	**Corporation** • A business which is owned by three or more persons and has legal entity of its own. Discuss the types of corporations • Private • Public • Crown

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
5.2 identify the need for and the purpose of a corporation as a legal entity	Explain the legal requirements for forming a corporation. Include in this discussion the need for the Articles of Incorporation (the written application to the federal or provincial government for permission to form a corporation) and the Certificate of Incorporation (the approved Articles of Incorporation). Explain the advantages and disadvantages of a corporation. **Advantages** • Separate legal existence • Continuous existence • Limited liability of the owners • More capital • Transferability of ownership • Professional management **Disadvantages** • Cost to establish • Government restrictions • Corporate income taxation • Some lack of personal incentive • Lack of privacy Discuss debt (borrowing money through bond issues) and equity (selling or issuing shares) financing of corporations.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
5.3 identify the methods of financing a corporation	Point out that the articles of incorporation indicate the kind and the total amount of capital stock that may be issued by a corporation. Discuss par value and non par value stock.
5.4 define and classify shares	Discuss the difference between common shares and preferred shares. **Common shares** • Shares that give voting rights but do not give the shareholder any special preferences **Preferred shares** • Shares that give shareholders preferences in earnings and dividends Use T-accounts to analyze transactions for equity financing.
5.5 prepare and post journal entries for equity financing of a corporation	Demonstrate and have students to the preparation and posting of journal entries for equity financing. Explain the procedure for allocating corporate earnings to share capital and retained earnings.
5.6 explain the procedure for allocating corporate earnings 5.7 prepare journal entries for corporate income taxes	Explain that the income of a corporation determined for income tax purposes is the difference between total revenue and total expenses.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Define and discuss retained earnings. **Retained earnings** • Corporate net profit after taxes and not yet distributed to shareholders.
5.8 prepare journal entries for retained earnings	Demonstrate the preparation of journal entries to record retained earnings. Have students prepare entries to record retained earnings. Define and discuss dividends (the portion of after-tax net income of a corporation paid to the shareholders) of a corporation. Explain that the dividends are paid out of retained earnings. Point out that the closing phase of the accounting cycle for a corporation is similar to the closing phase for partnerships and proprietorships.
5.9 prepare journal entries for the distribution of dividends and reserves	Demonstrate the preparation of the journal entries for the distribution of dividends and reserves. Make use of T-accounts to illustrate how various transactions affect corporate records of capital.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
5.10 prepare corporate financial statements	Have students study and discuss the statement for corporations. Demonstrate the preparation of and have students prepare financial statements for corporations. Include balance sheets, income statements and anecdotal reports to shareholders.
5.11 explain the need for and the purpose of long-term borrowing	Discuss the reasons that a corporation tends to borrow a large sum of money for a long period of time to expand and develop the business.
5.12 identify the methods of long-term borrowing	Point out that large loans may be difficult to obtain from one financial institution or one individual. Therefore, corporations may divide the total amount of a large loan into a series of promises to pay (bonds) of varying amounts for sale to the public. Explain that bonds are similar to promissory notes because they are written promises to pay creditors. Bond • A printed promise of a corporation to pay a specified amount at a specified date some time in the future and to pay the interest at stated intervals.

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Floating a loan • Obtaining cash by selling bonds. **Bond issue** • All of the bonds representing the total amount of the loan **Bondholder** • The owner of a bond.
5.13 define and classify bonds	Discuss the various types of bond classifications. Explain that the classification of corporate bonds relates to the type of security which a corporation offers the bondholders or the way in which the interest is paid to the bondholder. **Debenture bonds** • Bonds not protected by collateral **Secured bonds** • Bonds protected by collateral **Registered bonds** • Bonds on which the interest is paid directly to the bondholder by the issuing corporation

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	Coupon bonds • Bonds on which the interest is collected by detaching the bond coupons when they become due and by presenting them to a financial intermediary for the interest.
5.14 prepare journal entries for bond issues	Use simple transactions and analyze the journal entries by using T-accounts. Explain that bonds issued are long-term liabilities (bonds payable). Demonstrate the journal entries and have students prepare the same entries. Discuss the costs of bond issues.
5.15 prepare journal entries for interest expense	Use T-accounts to analyze the transactions. **Bond sinking fund** • An amount set aside to pay a bond issue when due. Explain that a corporation deposits money, on a regular basis, in a bond sinking fund to cover a portion of the bond issue. Emphasize that the bond sinking fund has two main purposes • The corporation is assured that it will have cash available to pay bond issue when it falls due

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	• The investors may require a bond sinking fund as a condition of their buying the bonds to assure them that the bond issue will be paid when due.
5.16 prepare journal entries for bond sinking funds	Demonstrate the preparation of and have students prepare journal entries for a bond sinking fund.
5.17 prepare journal entries for the redemption or retirement of bond issues	Retirement of a bond issue • The cancellation of a bond issue by paying the bonds at maturity. Use T-accounts to analyze transactions.
5.18 prepare the corporate financial statements	Demonstrate the preparation of worksheets, income statements, statement of shareholders' equity and balance sheets for corporations. Have students complete the same financial statements using a step-by-step approach.
6.0 **Analyzing Financial Statements** Students should be able to	
6.1 explain the need for and the purpose of the analysis of corporate financial reports	Discuss the purpose of annual corporate financial reports. Explain that a corporate financial report outlines the financial status of a corporation for various groups of people

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
	• Management • Creditors • Investors • Government
6.2 prepare a general analysis from given comparative income statements and comparative balance sheets	Have students study comparative financial statements to determine how changes in the firm's financial position can happen. Demonstrate the preparation of and have students prepare comparative financial statements.
6.3 explain the need for and the purpose of creditory analysis of financial reports	Explain that creditors are interested in comparing debts owing to the amounts available to pay them, inventory to sales, accounts receivable to sales, etc. Indicate that the main interest of short-term creditors is the ability of the corporation to pay its current debts and to meet its current operating expenses. Point out that long-term creditors are interested in the rate that loaned money will earn over the debt period and whether company earnings will pay interest on borrowed money.
6.4 identify and define the components of creditor analysis for corporate financial reports	Methods of Analysis used by Short-term Creditors • Current Ratio (current assets/current liabilities) • Quick Ratio (cash and accounts receivable/current liabilities) • Inventory Turnover (sales/average inventory) • Accounts Receivable Turnover (sales/average accounts receivable)

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
6.5 prepare a creditor analysis	Methods of Analysis used by Long-term Creditors • Yield rate on bonds • Coverage of bond interest • Debt ratio (net income-average accounts receivable)
6.6 explain the need for and the purpose of investor analysis of corporate financial reports	Discuss the analysis of the working capital position of a corporation. Discuss the analysis of earnings on loaned money and on payment of interest. Have students determine the following from given data • Current ratio • Quick ratio • Yield rate on bonds • Debt ratio Discuss the interest of investors in following results from investments • Growth • Income • Safety

UNIT 6: OPTIONS (CONT.)	
OBJECTIVES	METHODS
6.7 identify and define the components of investor analysis for corporate financial reports	Methods of Analysis used by Investors • Ratio of profit to sales • Return on invested capital • Earnings per share • Price-earnings ratio • Yield rate • Divident payout ratio
6.8 prepare an investor analysis	Explain the methods used by investors to analyze corporate financial reports. Have students determine the following from given data • Ratio of profit to sales • Return on invested capital • Earnings per share • Price-earnings ratio • Yeild rate • Dividend payout ratio

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Software Packages — includes instructional workbook: PC version 5¼" and 3½" and Mac version 3½".

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MS-DOS version: 128K one drive
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For use with Accpac Bedford Education version 3.4A software.
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